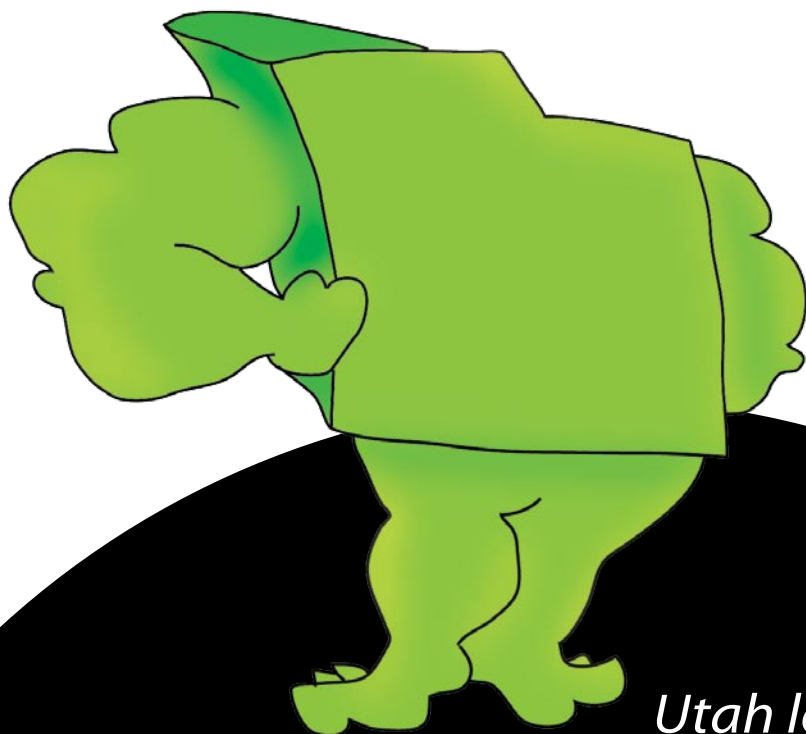


Utah Stands Alone



*Utah leads the nation
in employment growth*

economic facts...

- Utah's job picture continues to outshine that of any other state in the nation. <http://deseretnews.com/dn/view/0,1249,695192815,00.html>
- It remains nearly impossible for business operators these days to find any sizable amount of top-of-the-line office space in downtown Salt Lake City.
- A legislative interim committee voted unanimously to proceed with legislation that could facilitate construction of nuclear power plants in Utah. <http://deseretnews.com/dn/view/0,1249,695193197,00.html>


Right now, Utah stands alone economically, leading the nation in employment growth with a 4.5-percent rate (June 2007). Utah stands out because that rate of growth is so far ahead of the next closest state, Arizona, whose growth rate measures 3.4 percent. That's a significant gap between the top state and the next-best performer. National employment growth averages only 1.5 percent, and in stark contrast to Utah, some states like Michigan, Ohio, and Wisconsin are experiencing employment declines.

How long can Utah stay in this position? Chances are good it will remain here throughout the remainder of this year and into the next. There is very little working against the Utah economy right now while, throughout the nation, the housing downturn and additional impending fallout from the sub-prime mortgage market is taking its economic toll. Nevada and Arizona are two states that have recently been atop the economic-performance scale, but both states have seen their economies soften because of these housing and mortgage influences. Utah didn't sprint past these other economies to the top. Instead, Utah held its ground while the others faltered.

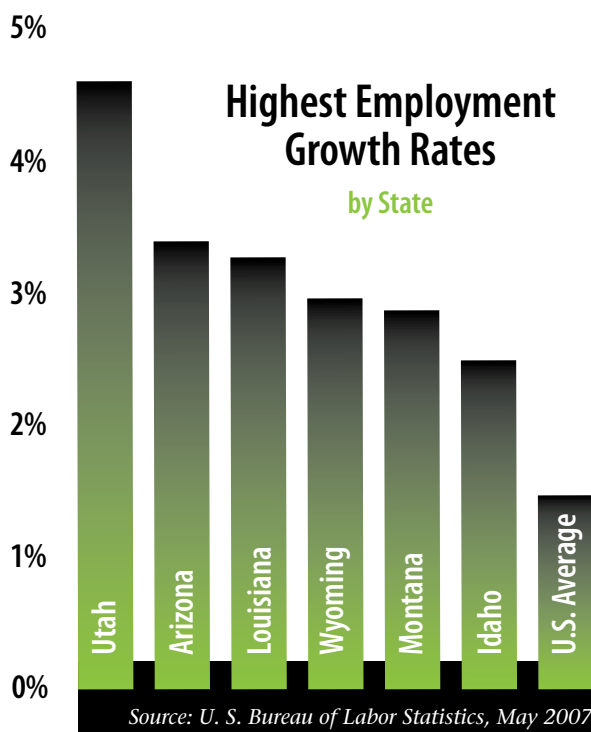
Utah avoided the earlier housing exuberance that infected much of the rest of the nation. Utah was building many houses, but it was rooted in real home-buying population growth and not based upon speculative development and excess investment (St. George possibly being Utah's lone exception). Therefore, Utah doesn't have a housing-market correction to work through. Utah wasn't immune from the use of sub-prime mortgages, but as long as the economy

stays vibrant and wages are on the increase, the fallout from this funding pitfall should be minimal as incomes rise sufficiently to meet these increased payment shocks—but it is a fine line.

There are signs that the construction industry growth rate has peaked and will now moderate. Signs of this deceleration have appeared in businesses that focus primarily upon the residential market. Those that do both residential and nonresidential work should remain busy, as they can shift to the nonresidential side and keep workers employed. But residential building is coming off its peak. And this is not just the number of new homes permitted and built, but also remodels and additions to existing homes. With mortgage rates having been so low for so long, most people who were going to make a home-equity repair move have already done so, and thus the shadow behind that surge is now coming into view.

Construction industry growth isn't set to expire for at least another year or more. While residential building slows, nonresidential is going strong and still may not have reached its peak within this current growth cycle. Therefore, there are still a lot of nonresidential projects to build, and that will be the sustaining factor of the next two years. When nonresidential construction is finished playing catch-up to all the residential building of the past three years, then the Utah construction industry may pause to catch its breath. But that seems to be a few years away. 

To follow the latest economic events: <http://jobs.utah.gov/wi/press/tlextra/tlextracurrent.asp>



There is a significant gap between Utah and the next-highest state while the national employment growth average is only 1.5 percent.